

Message Text

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E.O. 11652: GDS

TAGS:EAID, ECIN, EINV, LT, SF

SUBJECT: JOINT SOUTH AFRICAN-LESOTHO HYDROELECTRIC PROJECT

REF: MASERU 292

I. AS REFTEL REPORTED, GOL CLEARLY REGARDS AS ONE OF ITS IMPORTANT LONG-RANGE ECONOMIC GOALS THE DEVELOPMENT OF ITS HYDROELECTRIC POTENTIAL. IN FEBRUARY, DEPARTING LESOTHO UN PERMREP MOLAPO TOLD DEPARTMENT THAT IN THE LONG RUN LESOTHO COULD ONLY HOPE TO BREAK OUT OF ITS CYCLE OF POVERTY AND DEPENDENCE (WHETHER ON SOUTH AFRICA OR FOREIGN DONORS) BY DEVELOPING "THE ONLY THING WE HAVE MORE OF THAN THE SOUTH AFRICANS--WATER -- AND SELLING IT TO THEM." MOLAPO SAID THAT BY THE YEAR 2000 THE SHORTAGE OF WATER IN THE RAND WOULD PUT A SERIOUS BRAKE ON GROWTH THROUGHOUT THE REGIONAL ECONOMY (INCLUDING LESOTHO), AND
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THAT LESOTHO WAS DETERMINED TO GO FORWARD WITH THE LONG-DEBATED OXBOW OR MALIBAMATSO SCHEME TO EXPLOIT ITS HYDROELECTRIC POWER AND WATER POTENTIAL WITH SOUTH AFRICAN COOPERATION. HE SAID HE COULD NOT PREDICT HOW NEGOTIATIONS FOR THE PROJECT WOULD GO, BUT THAT THEY WERE UNDERWAY AGAIN IN CAPE TOWN AND THAT AS IT BECAME MORE CERTAIN THAT THE PROJECT WOULD GO FORWARD THE GOL MIGHT

WISH TO ASK FOR US TECHNICAL ADVICE TO ENSURE THAT

BENEFITS WENT EQUALLY TO LESOTHO AND SOUTH AFRICA.

2. SUBSEQUENT CONVERSATIONS WITH LESOTHO AMBASSADOR MAKEKA HERE HAVE GIVEN US THE IMPRESSION THAT NEGOTIATIONS FOR THE PROJECT MAY IN FACT BE MUCH FURTHER ADVANCED THAN WE REALIZED FROM MOLAPO'S CAUTIOUS DESCRIPTION. MAKEKA TOLD DEPARTMENT RECENTLY THAT SOUTH AFRICANS, "WHO LOOK AT THESE THINGS ON A DIFFERENT SCALE THAN WE DO," HAVE NOW PROPOSED A PROJECT WHICH WOULD BE COMPLETED IN THE 1990'S, COST UP TO HALF A BILLION DOLLARS, AND CREATE AN ARTIFICIAL LAKE FROM WHICH WATER WOULD BE PUMPED OVER THE MALUTI MOUNTAINS TO FLOW INTO JOHANNESBURG. MAKEKA SAID THE PROJECT WOULD FLOOD TOO MUCH OF LESOTHO'S SCARCE ARABLE LAND IF BUILT BELOW THE CONFLUENCE OF THE MALIBAMATSO AND MONTSONYANE RIVERS, AND GOL PREFERS SMALLER DAM ABOVE THE CONFLUENCE ON THE MALIBAMATSO.

3. MAKEKA APPEARED TO BE DEEPLY CONCERNED THAT FOREIGN DONORS MIGHT FIND IT DIFFICULT TO UNDERSTAND HOW LESOTHO COULD APPEAL FOR WESTERN AID ON THE BASIS OF DECREASING ITS DEPENDENCE ON SOUTH AFRICA WHILE AT THE SAME TIME ACTIVELY NEGOTIATING WITH SOUTH AFRICA TO FINANCE A DEVELOPMENT SCHEME WHICH WOULD DWARF THE CONFIDENTIAL

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AID IT RECEIVED FROM THE WEST (BUT NOT MEAN THAT IT VALUED IT LESS). HE SAID THIS PROJECT WAS OF TOO FUNDAMENTAL AN IMPORTANCE AND OF FAR TOO GREAT A BENEFIT TO LESOTHO FOR THE GOL TO REFUSE TO UNDERTAKE IT MERELY BECAUSE IT ALSO BENEFITTED SOUTH AFRICA ("WE ARE NOT CRAZY"), AND THAT HE HOPED THE US WOULD BE ABLE TO PLAY A ROLE IN AIDING IT. HOWEVER, HE STOPPED SHORT OF DIRECTLY REQUESTING US PARTICIPATION.

4. IT SEEMS CLEAR THAT THE GOL HAS MADE OR IS IN THE PROCESS OF MAKING A FUNDAMENTAL DECISION ABOUT ITS LONG-RANGE DEVELOPMENT STRATEGY AND INTERESTS WHICH HAS MAJOR AND OBVIOUS POLITICAL IMPLICATIONS. IF IT IS TRUE THAT LESOTHO HAS REACHED AGREEMENT WITH SOUTH AFRICA TO RESUSCITATE THE LONG-DISCUSSED PROPOSAL FOR A JOINT WATER AND HYDROELECTRIC SCHEME OR POSSIBLY EXPAND IT TO A MUCH LARGER ONE, WE WILL WANT TO WATCH THIS CAREFULLY IN ORDER TO DECIDE (IF WE ARE ASKED) WHAT THE PROPER EXTENT OF US INVOLVEMENT, IF ANY, SHOULD BE. WE WILL BE INTERESTED IN ANY INFORMATION EMBASSY DEVELOPS REGARDING PROGRESS OF THIS PROJECT. VANCE

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